

The complaint

Mrs K complains about how AXA Insurance UK Plc (AXA) dealt with a claim she made on her motor insurance policy and an additional policy premium she was charged.

Mrs K's complaint has been brought by a representative. Any references to Mrs K include the comments of her representative.

What happened

In March 2024 Mrs K renewed her motor insurance policy with AXA. But, prior to renewal, in February 2024, Mrs K was alleged to have been involved in a collision with a third-party. Mrs K didn't report the alleged collision to AXA.

Mrs K says the first she became aware the third-party was pursuing a claim against her was when she was contacted by AXA in March 2024. Thereafter, during a telephone call with AXA Mrs K admitted colliding with the third-party vehicle, but she said she had concerns in respect of the validity of the accident along with the area of the third-party's damage.

On the basis of Mrs K's admission of liability and with no independent witnesses to support Mrs K's version of events, AXA dealt with the third party's claim but raised concerns in respect of the areas of damage.

Because of the collision AXA said Mrs K was required to pay an additional premium of £403.50. AXA said to Mrs K if the additional premium was not paid, her policy would be cancelled. Mrs K paid it to keep the policy running.

Mrs K was unhappy with the way the claim had been dealt with and that it had been closed as a fault claim. She therefore made a complaint to AXA. In response AXA said when it had spoken with Mrs K regarding the claim she admitted the collision had happened but disputed the damage. AXA says it made a referral to its engineer and only covered the damage which could have been caused as result of the collision. It said without any independent witnesses or CCTV footage, and because Mrs K did admit to the collision, it wouldn't have had reasonable prospects of success if the matter proceeded to Court. So, it paid the claim – and recorded it as a fault claim on Mrs K's policy.

AXA did say it had exceeded its complaint timescales and awarded to Mrs K £25 as a goodwill gesture.

Dissatisfied Mrs K brought her complaint to this Service.

I issued a provisional decision in July 2025. I said:

"Mrs K has raised several points. I shall deal with each in turn; -

CIDRA

The relevant law in this case is the Consumer Insurance (Disclosure and Representations) Act 2012 (CIDRA). This requires consumers to take reasonable care not to make a misrepresentation when taking out a consumer insurance contract (a policy). The standard of care is that of a reasonable consumer.

If a consumer fails to take reasonable care not to make a misrepresentation, the insurer has certain remedies provided the misrepresentation is what CIDRA describes as a qualifying misrepresentation. To be a qualifying misrepresentation the insurer has to show it either wouldn't have offered the policy at all or would have only offered it on different terms, if the consumer hadn't made the misrepresentation.

CIDRA sets out a number of considerations for deciding whether the consumer failed to take reasonable care. And if it is deemed that the misrepresentation was a qualifying misrepresentation, then consideration has to be given as to whether the misrepresentation was deliberate, reckless or careless. This distinction is important, as the remedies available will depend on the type of misrepresentation.

Undisclosed Claim and Additional Premium

When considering Mrs K's complaint, I first need to determine whether there has been a misrepresentation.

Although not expressly stated within the available evidence which has been provided, AXA must have thought Mrs K failed to take reasonable care not to make a misrepresentation when she failed to confirm at the renewal of her motor insurance policy that she had been involved in a collision with a third-party, thus the reason AXA was seeking an additional premium.

At this point I think it would be helpful to provide some background information.

From the available evidence, the collision Mrs K was alleged to have been involved in occurred on 24 February 2024. Mrs K's policy, which was on an automatic renewal schedule, renewed on 19 March 2024. The claim was subsequently reported to AXA by the third-party insurer on 21 March 2024, after the renewal date.

At the point Mrs K's policy renewed, I note from the available evidence it was unknown to Mrs K that the third-party would be intending to pursue a claim and she hadn't provided her insurance details to the third-party. I understand although one telephone conversation had taken place between Mrs K's husband and the third-party, no further communication had occurred. But, I've seen from the available evidence Mrs K was at this time disputing liability as she says she had concerns in respect of the validity of the accident. And as I will discuss further below, I think it's fair to say Mrs K was aware of an incident of some kind having occurred with the third-party at the point it took place.

When considering whether a consumer has taken reasonable care not to make a misrepresentation, we look to see if the insurer – in this case AXA - asked a clear question when the policy was taken out or if in this case when the policy renewed and we look at how that question was answered and why it was answered that way. If the question was clear and we think a reasonable consumer would have answered it differently, with the correct information, we also check if the correct information would've affected whether a policy would be offered or if the policy terms would've been different.

AXA has been asked to provide a copy of the questions Mrs K was asked at renewal. This is to consider how clear and specific the questions were especially with regards to claims.

AXA has said Mrs K wasn't asked any questions at renewal as the policy was on an autorenewal. Mrs K would've however received a renewal invitation from AXA.

I've considered the renewal invitation Mrs K received from AXA. It's dated 23 February 2024. On page three of the renewal invitation, it says:-

"Check your details

Please make sure that the cover still suits your needs"

A box providing a policy snapshot is then given. Whilst the policy snapshot shows that Mrs K's no claims discount (NCD) would be 5 years, there is no reference to claims. The renewal then goes on to say, "if you need to change anything, head to your AXA Account at....and click 'Manage my renewal' where you can make changes from your renewal date – like a different address or car".

I've also considered Mrs K's Car Insurance Schedule which contains a Statement of Fact. The Statement of Fact shows Mrs K's claims or accidents in the last three years as zero. I can't however say this was received by Mrs K alongside the renewal invitation and therefore for her to check, because its undated.

Considering the renewal invite Mrs K received, I don't find it clearly explained what Mrs K would need to check. The wording of the renewal invite is such that it implies the checks are for those items contained in the policy snapshot such as who are the drivers of the vehicle, mileage, policy excess etc. There is no reference to claims. I'm therefore unable to say that Mrs K failed to take reasonable care when she renewed her policy.

Taking everything into account, I don't find AXA has shown Mrs K failed to take reasonable care not to make a misrepresentation when she didn't declare the collision when renewing her policy in light of the policy renewal invitation she'd received which wasn't clear. And as such, there has been no qualifying misrepresentation under CIDRA which AXA can rely upon.

Breach of Policy Terms and Conditions

Whilst I find that AXA were not entitled to take any action against Mrs K under CIDRA, I've looked at Mrs K's policy terms and conditions. At page 46 of the policy wording it says:-

"If you or your car are involved in any type of incident, accident, claim or loss regardless of fault you must:

- a) tell us as soon as possible..."*

Taking into account the fact Mrs K was aware some sort of collision had occurred with the third-party and had been contacted by them with a view to exchanging insurance details, I find it would've been reasonable in the three-week period before Mrs K's policy renewed that she informed AXA of the collision. As she failed to do so, she was therefore in breach of her policy terms and conditions.

It's on this basis that I find AXA were reasonable in applying an additional premium to Mrs K's policy because had AXA been advised of the collision in the three weeks before the policy auto-renewing, it's likely AXA would have recalculated the policy renewal figure at that point, leading to a higher premium than originally quoted. I can't tell AXA what price it should charge Mrs K, that's for it to decide, based in part on the risk it thinks there is to Mrs K making a claim and wider commercial requirements. By Mrs K paying the additional

premium, she was in effect only paying the premium she should've been quoted when the policy renewed on 19 March 2024 had she advised of the collision with the third-party.

I appreciate that Mrs K will be disappointed, but I don't intend to ask AXA to do anything further in this respect.

I shall now move on to the next part of Mrs K's complaint.

This Service's role isn't to consider who was responsible for an accident. It's to look at whether AXA has carried out a fair investigation, reviewed all the evidence it has available and reached a reasonable decision.

Claim/Policy Terms and Conditions

To start, I think it would be helpful to provide a section from Mrs K's policy terms and conditions to understand what AXA is allowed to do.

At page 46 of Mrs K's policy terms and conditions booklet, AXA is allowed like other motor insurance policies to:-

"If you or your car are involved in any type of incident, accident, claim or loss regardless of fault you must:

a) tell us as soon as possible...

b) give us full control of the claim...We may take over, defend or settle the claim, or take up any claim in your name; you must not negotiate regarding any claim, settle any claim without our written permission or admit liability for any claim, unless we ask you to do so."

The general conditions of Mrs K's policy therefore allow AXA to settle the claim on the best terms it felt possible and that it has the final say in how to settle a claim. It doesn't need the agreement or consent of the policyholder, in this case Mrs K, to settle a claim in a particular way. Naturally this may lead to AXA making a decision which Mrs K doesn't agree with. But that said, it doesn't mean AXA can do as it pleases when settling a claim. Its decision must be reasonable and based on facts and evidence.

Terminology

I think it would also assist if I clarify the meaning of the terms "fault" and "non fault" as I understand Mrs K says she's unhappy the claim has been closed as a fault claim.

A "fault" claim is more colloquially used, but the actual terminology is "no claims bonus disallowed". It doesn't mean the policyholder is necessarily to blame for the accident but reflects the fact where a claim has been made and the insurer hasn't recovered its outlay.

An Insurer will be required to register the claim following the Claims and Underwriting Exchange ("CUE") guidance. When recording the claim, the insurer can select bonus disallowed. This doesn't mean the policyholder was to blame; it simply means the insurer has been unable to recover all its costs in full from another party.

When liaising with customers, rather than use the term bonus disallowed, insurers will often say "fault". Use of this term can make the policyholder think they were the party to blame for the accident, rather than the correct scenario of an insurer being unable to recover all its costs.

In the alternative, a “non-fault” claim means “no claims bonus allowed”. This will be where an insurer has been able to recover its costs in full from another party.

I hope the above explanation will give some greater understanding when reading the sections below where these terms may be discussed.

Decision to Settle

I’ve seen Mrs K’s completed accident report form. In it she describes the circumstances surrounding the alleged collision as “I was reversing out of a bay, all was clear, had cleared the bay and was about to move off (forward) when I felt a bump...”.

In comparison, within AXA’s claim notes I can see during a telephone call between Mrs K and AXA, Mrs K verbally admitted the occurrence of the collision and said she was aware she’d be held accountable. From the available notes, at this time Mrs K raised with AXA concerns regarding the validity of the accident and the extent of the damage to the third-party vehicle which was being claimed.

As stated above its not for this Service to decide who was responsible for the accident but whether AXA has taken Mrs K’s comments and all other evidence into consideration when deciding whether to concede liability or not.

From the available evidence I can see there were no independent witnesses to support either party’s version of events nor dashcam or CCTV footage. In such circumstances, it would be one party’s word against the other. AXA therefore when reaching its decision to settle has taken into consideration Mrs K’s verbal admission of liability and the circumstances of the accident – with her reversing. With that, it felt it wouldn’t have reasonable prospects of success if the matter proceeded to Court.

I can see AXA did raise Mrs K’s concerns with its engineers as to the extent of damage to the third-party vehicle. AXA in turn acted on the information it received from its engineers, as it agreed to only pay for the damage to the third-party vehicle it believed was linked to the accident.

I’m therefore satisfied AXA did consider Mrs K’s concerns along with all the available evidence when making its liability decision.

Taking everything into account I believe AXA followed a fair and reasonable process in its assessment of whether to deal with the third-party’s claim, utilising the conditions it was afforded under page 46 of the policy terms and conditions booklet (as referenced above) as it’s entitled to do.

As I don’t find AXA were unreasonable in agreeing to settle the third-party’s claim, I’m satisfied the claim being closed as a fault/bonus disallowed claim is reasonable. I therefore don’t require AXA to do anything further.

Loss of No Claims Discount

Mrs K has said as a result of the collision her no claims discount has been affected.

Under Mrs K’s Schedule of Insurance for the period of when the collision occurred, it shows her no claims discount recorded as four years. At the time of taking out her policy, the Schedule of Insurance confirms Mrs K opted not to have a protected no claims discount, meaning any claim made on her policy would’ve affected the no claims discount she was trying to earn and it would be affected going forwards.

At page 18 of AXA's policy wording it states:-

"We will increase your No claims discount (NCD) for every claim free period of insurance you have with us. In the event of a claim being made or arising under this policy, your NCD at renewal will be reduced in accordance with the table below".

Looking at the table on page 18 of AXA's policy wording it confirms if at the start of your current period of insurance you have four years no claims discount, then in the event of one claim being made in that period of insurance, your no claims discount would be reduced to two years.

AXA has therefore acted correctly in respect of Mrs K's no claims discount in accordance with its policy terms and conditions as described above. I therefore don't require AXA to do anything further in this respect"

My provisional decision therefore didn't require AXA to take any further action.

Both parties responded to my provisional decision. AXA has said it's happy to accept it.

Mrs K responded expressing she remains unhappy. In summary she said:

- She didn't ever make a claim or tell AXA of the incident because there was no damage to her car and therefore no justifiable claim. She says this is supported by her comments on the accident report form in which she said she felt a "bump" as she began to move forward.
- The "bump", Mrs K says has cost her an estimated and ongoing £500 per annum despite there being no damage to her car.
- She doesn't contest that she made or accepted some statements on the day of the incident or within a few days thereafter (which she says she shouldn't have made or accepted) but says she did so because of a sense of fear instilled in her by the third-party in the incident.

The complaint has therefore been passed back to me for a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I appreciate Mrs K's strength of feeling regarding this matter. I've considered the points she's made however I see no reason to reach a different conclusion to the one reached in my provisional decision. I'll explain why: -

Although Mrs K says she didn't make a claim or tell AXA of the incident because there was no damage to her car, I refer Mrs K to the paragraph within my provisional decision entitled breach of policy terms and conditions (as above). Mrs K's policy wording says; -

"If you or your car are involved in any type of incident, accident, claim or loss regardless of fault you must:

- a) tell us as soon as possible..."*

My opinion therefore remains unchanged that Mrs K was aware some sort of collision had occurred with the third-party and Mrs K should've reported this to AXA in accordance with her policy terms and conditions prior to her policy renewal date.

I recognise Mrs K says she felt bullied and intimidated by the third-party however when looking at the timeline of events between the last time the third-party contacted Mrs K's husband to exchange insurance details and when Mrs K verbally admitted the occurrence of the collision to AXA and in which she said she was aware she'd be held accountable – this was a period of one month. I find it difficult to see how Mrs K's verbal admission to AXA could have been influenced at that time by the third-party. And in any event, it's not in dispute that some sort of collision did occur, with Mrs K referencing a "bump" within her accident report form.

Mrs K has said because of the "bump" this has cost her an estimated and ongoing £500 per annum. But as liability had been admitted and Mrs K didn't have a protected no claims discount, her premium going forward is likely to have been affected.

It's therefore on this basis I see no reason to amend my provisional decision as I don't find the steps taken by AXA to be unfair or unreasonable.

Mrs K will undoubtedly be disappointed, but I don't find that AXA need to do anything more.

My final decision

For the reasons I've set out above, I don't require AXA Insurance UK Plc to do any more than it already has.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 2 October 2025.

Lorna Ball
Ombudsman